



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
SPENCER COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable David Jenkins, County Judge/Executive
Members of the Spencer County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Spencer County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Spencer County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Spencer County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Spencer County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable David Jenkins, County Judge/Executive
Members of the Spencer County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Spencer County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Have Required Depository Institutions to Pledge Additional Securities Of \$210,723 As Collateral To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 1999 on our consideration of Spencer County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 22, 1999

SPENCER COUNTY OFFICIALS

Fiscal Year Ended June 30, 1999

David Jenkins	County Judge/Executive
Robert Coots	County Attorney
Robin Waldrige	County Clerk
Phyliss Shafer	Circuit Court Clerk
Steve Coulter	Sheriff
David Houghlin	Jailer
John S. Crafton	Property Valuation Administrator
Doug Williams	County Treasurer
Dennis McClain	Coroner
Ray Jewell	Magistrate
Anthony Travis	Magistrate
Scott Herndon	Magistrate
Bill Drury	Magistrate
David Goodlett	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

SPENCER COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:

Cash	\$ 335,260
------	------------

Road and Bridge Fund:

Cash	153,094
------	---------

Jail Fund:

Cash	17,301
------	--------

Public Properties Corporation

Bond Fund:

Money in Hands of - Trustee	822
-----------------------------	-----

Withholding Tax Account - Cash	1,779
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Retirement Account - Cash	17
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Other Resources

Public Properties Corporation Fund:

Amounts to be Provided in Future Years for Bond Principal Payments	545,000
--	---------

Total Assets and Other Resources	\$ 1,053,273
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The accompanying notes are an integral part of the financial statements.

SPENCER COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1999
 (Continued)

Liabilities and Fund Balances

Liabilities

Public Properties Corporation Bond Fund:	
Bond Principal Not Matured (Note 4A)	\$ 545,000
Withholding Tax Account	1,779
Retirement Account	17

Fund Balances

Reserved:	
Public Properties Corporation Bond Fund	822
Unreserved:	
General Fund	335,260
Road Fund	153,094
Jail Fund	17,301
	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,053,273</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

SPENCER COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,028,567	\$ 1,248,425	\$ 742,013	\$ 37,132
Transfers In	196,917		672	116,000
Total Cash Receipts	<u>\$ 2,225,484</u>	<u>\$ 1,248,425</u>	<u>\$ 742,685</u>	<u>\$ 153,132</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 1,574,398	\$ 939,314	\$ 497,561	\$ 136,526
Transfers Out	196,917	178,944	17,973	
Borrowed Money Repaid (Prior Year)	97,901		97,901	
Notes Payable:				
Principal Paid	57,211			
Interest Paid	4,111			
Surveying Fees Paid	950			
Bonds:				
Principal Paid	80,000			
Interest Paid	33,615			
Trustee Fees Paid	2,205			
Total Cash Disbursements	<u>\$ 2,047,308</u>	<u>\$ 1,118,258</u>	<u>\$ 613,435</u>	<u>\$ 136,526</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 178,176	\$ 130,167	\$ 129,250	\$ 16,606
Cash Balance - July 1, 1998	328,301	205,093	23,844	695
Cash Balance - June 30, 1999	<u>\$ 506,477</u>	<u>\$ 335,260</u>	<u>\$ 153,094</u>	<u>\$ 17,301</u>

The accompanying notes are an integral part of the financial statements.

SPENCER COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

Public Improvements Corporation Fund	Local Government Economic Assistance Fund	Public Properties Corporation Bond Fund
\$	\$ 997	\$
62,272		17,973
\$ 62,272	\$ 997	\$ 17,973
\$	\$ 997	\$
57,211		
4,111		
950		
		80,000
		33,615
		2,205
\$ 62,272	\$ 997	\$ 115,820
\$ 0	\$ 0	\$ (97,847)
		98,669
\$ 0	\$ 0	\$ 822

The accompanying notes are an integral part of the financial statements.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Spencer County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the the Public Properties Corporation Bond Fund and the Public Improvement Corporation Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Spencer County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1) (d) and KRS 41.240 (4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of April 12, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$210,723 of public funds uninsured and unsecured.

SPENCER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of April 12, 1999.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	\$ 250,000
Uncollateralized and uninsured	<u>210,723</u>
Total	<u><u>\$ 460,723</u></u>

Note 4. Long-Term Debt

A. Liability of Public Properties Corporation Bond Fund

Bonds outstanding of Public Properties Corporation Bond Fund are \$545,000 as of June 30, 1999. These bonds were issued on July 1, 1984, at various interest rates ranging from 9 percent to 12.75 percent per the Spencer County Public Properties Corporation for road construction and repair.

These outstanding 1984 Series A Bonds were refunded on January 1, 1995, by the application of the proceeds of the bonds. The refunded bond plan was undertaken to obtain 4.5 percent to 6 percent.

Principal bond payment requirements and scheduled interest for 5 years and thereafter are:

<u>Fiscal Year Ended</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
June 30, 2000	\$ 29,240	\$ 85,000
June 30, 2001	24,565	85,000
June 30, 2002	19,598	90,000
June 30, 2003	14,355	90,000
June 30, 2004	8,850	95,000
Thereafter	<u>3,000</u>	<u>100,000</u>
Totals	<u><u>\$ 99,608</u></u>	<u><u>\$ 545,000</u></u>

SPENCER COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 4. Long-Term Debt (Continued)

B. Liability of the Public Improvement Corporation Fund

Note payable outstanding of the Public Improvement Corporation-

On June 7, 1994, the Public Improvement Corporation Fund entered into a note agreement with the Peoples Bank of Taylorsville to borrow \$85,000 at various interest rates ranging from 7.23 percent to 8.48 percent for industrial parkland. The Public Improvement Corporation Fund will pay \$800 on a monthly basis for an indefinite period to the Peoples Bank of Taylorsville commencing with a payment on July 6, 1994. In addition, the Public Improvement Corporation Fund will pay the Peoples Bank of Taylorsville the proceeds from the parcels of land sold to industrial customers. The proceeds will reduce the principal balance of the note. This note was paid off as of April 23, 1999 with a final principal payment of \$54,340.

Note 5. Lease-Purchase Agreements

The county has entered into the following lease-purchase agreements:

Description	Monthly Payment	Maturity Date	Term of Agreement	Amount
Ambulance	Varying Amounts	Aug. 20, 2003	60 Months	\$ 15,955
Ambulance	Varying Amounts	August 1, 2001	48 Months	21,673
Truck and Paver	Varying Amounts	May 1, 2000	48 Months	7,230

Note 7. Insurance

For the fiscal year ended June 30, 1999, Spencer County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

SPENCER COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
General Fund	\$ 875,998	\$ 1,248,425	\$ 372,427
Road and Bridge Fund	688,037	742,013	53,976
Jail Fund	173,305	37,132	(136,173)
Local Government Economic Assistance Fund	997	997	
Total	<u>\$ 1,738,337</u>	<u>\$ 2,028,567</u>	<u>\$ 290,230</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 1,738,337
Add: Budgeted Prior Year Surplus			<u>229,632</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 1,967,969</u>

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SCHEDULE OF OPERATING REVENUE

SPENCER COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 318,673	\$ 318,673	\$	\$
County Clerk:				
Deed Transfer Tax	61,006	61,006		
Occupational Licenses	510	510		
Delinquent Taxes	6,198	6,198		
Excess Fees - 1998	16,325	16,325		
Tangible Personal Property Taxes:				
Other Counties	9,432	9,432		
County Clerk	52,145	52,145		
In Lieu of Taxes:				
U.S. Treasurer	8,880	8,880		
Totals	<u>\$ 473,169</u>	<u>\$ 473,169</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Receipts - State Treasurer</u>				
Federal DES/FEMA				
Reimbursement	<u>\$ 2,057</u>	<u>\$ 2,057</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 24,000	\$	\$	\$ 24,000
Medical Allotments	1,298			1,298
Driving Under The Influence Fees	1,186			1,186
Housing Juveniles	3,840			3,840

SPENCER COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local
 Government
 Economic
 Assistance
Fund

\$

\$ 0

\$ 0

\$

SPENCER COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u> (Continued)				
County Road Aid	\$ 396,823	\$	\$ 396,823	\$
Secondary Rural Aid	147,089		147,089	
Public Defender Allotment	10,786	10,786		
Truck License Distribution	161,449		161,449	
Election Expense Reimbursement	4,080	4,080		
Courthouse Rental - Administrative				
Office of the Courts	77,027	77,027		
Refunds:				
Legal Process Tax	77	77		
Drivers Licenses	1,039		1,039	
Dog Licenses	89	89		
Severance Taxes:				
Mineral	997			
Board of Assessments	200	200		
Grants:				
State Grants (Area Development				
Fund)	11,595	11,595		
Ambulance (Senate Bill 66)	18,504	18,504		
Dead Animal Removal	3,708	3,708		
Totals	\$ 863,787	\$ 126,066	\$ 706,400	\$ 30,324

Miscellaneous Revenue

Interest	\$ 12,234	\$ 6,692	\$ 5,237	\$ 305
Circuit Court Clerk:				
Jail Cost	6,450			6,450
Licenses and Permits:				
Dispatch 911-Bell South	88,748	88,748		
Recycling Center	1,412	1,412		
Cable TV Franchise	3,270	3,270		

SPENCER COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local
 Government
 Economic
 Assistance
 Fund

\$

997

\$ 997

\$

SPENCER COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue (Continued)</u>				
Charges for Services:				
Impact Fees	\$ 69,281	\$ 69,281	\$	\$
Landfill User	21,706	21,706		
Dispatch-City of Taylorsville	21,547	21,547		
Ambulance Service	224,273	224,273		
Planning and Zoning Fees	128,846	128,846		
Dog Pound-City of Taylorsville	1,200	1,200		
Rentals	3,956	3,956		
Dead Animal Removal	1,500	1,500		
Farm Income	3,865	3,865		
Industrial Land Sales	65,989	65,989		
Road Material Sales	23,703		23,703	
Prior Year Voided Checks	2,163	1,170	985	8
Miscellaneous Items	9,411	3,678	5,688	45
Totals	\$ 689,554	\$ 647,133	\$ 35,613	\$ 6,808
Total Operating Revenue	<u>\$ 2,028,567</u>	<u>\$ 1,248,425</u>	<u>\$ 742,013</u>	<u>\$ 37,132</u>

SPENCER COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local
 Government
 Economic
 Assistance
 Fund

\$

\$ 0

\$ 997

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

SPENCER COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 36,188	\$ 36,182	\$ 6
Deputy County Judge/Executive	9,774	9,774	
Office Materials and Supplies	3,300	3,108	192
Office of County Attorney:			
Salaries-			
County Attorney	7,939	7,939	
Secretaries	1,913	1,913	
Office of County Clerk:			
Indexing	1,500	1,500	
Telephone	3,400	3,049	351
Tax Bill Preparation	4,373	2,751	1,622
Office of Sheriff:			
Temporary/Part-time Help	2,403	2,402	1
Advertising Tax Bills	2,000	1,558	442
Materials and Supplies	4,300	3,016	1,284
Tax Settlement	800	800	
Postage	2,000	1,866	134
Telephone	3,700	3,609	91
Office of County Coroner:			
Salaries-			
County Coroner	4,168	4,167	1
Deputy Coroner	1,550	1,549	1
Supplies	1,150	1,128	22

SPENCER COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Fiscal Court:			
Magistrates Salaries	\$ 19,448	\$ 19,448	\$
Fiscal Court Clerk Salary	1,200	1,200	
Office of Property Valuation Administrator:			
Statutory Contribution	15,256	15,256	
Office of Board of Assessment Appeals:			
Per Diem	400	400	
Office of County Treasurer:			
County Treasurer Salary	9,042	9,042	
Office Materials and Supplies	900	602	298
County Law Library:			
Law Librarian Salary	600	600	
Elections:			
Per Diem-			
Election Commissioners	4,060	4,060	
Election Officers	9,000	6,858	2,142
Voting Machines	15,920	14,229	1,691
Polling Places	420	355	65
Planning and Zoning:			
Salaries	31,000	30,977	23
Members	14,600	14,400	200
Advertisements	1,500	1,302	198
Legal Services	5,669	5,669	
Office Supplies	5,000	4,707	293
Refunds	1,180	1,005	175
Utilities	5,200	5,117	83

SPENCER COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Courthouse:			
Janitor Salaries	\$ 9,812	\$ 9,812	\$
Advertisements	3,500	3,474	26
Supplies, Renewal and Repairs	31,800	27,547	4,253
Utilities	26,700	25,639	1,061
Annex Building:			
Utilities	4,500	4,415	85
<u>Protection to Persons and Property</u>			
Rescue Squad:			
Parts and Repairs	500	399	101
Gas and Oil	500	396	104
Disaster and Emergency Services:			
Salaries-			
Director	6,300	6,101	199
Dispatch Service	94,884	94,859	25
Dispatch 911 Expenses	21,500	9,590	11,910
Utilities	1,600	1,451	149
911 Maintenance and Supplies	2,062	2,062	
Ambulance Service:			
Salaries	165,500	164,748	752
Repairs and Maintenance	5,800	3,088	2,712
Gas and Oil	6,015	6,014	1
Materials and Supplies	43,300	42,100	1,200
Utilities	9,000	8,889	111
Forestry Fire Protection:			
Kentucky State Treasurer	500	500	

SPENCER COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Office of Public Defender:			
Contribution	\$ 850	\$ 850	\$
Public Defender Salary	16,351	16,351	
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries	9,500	9,500	
Food	9,500	9,243	257
<u>Social Services</u>			
Friend of Court:			
Ethic Expenses	300	150	150
County Farm:			
Supplies	875	867	8
Other Social Service Programs			
109 Board Members	1,000	950	50
<u>Recreation and Culture</u>			
Parks:			
Utilities	4,000	3,995	5
Equipment	1,000	803	197
Community Events	4,100	3,586	514

SPENCER COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Debt Service</u>			
Other County Liabilities:			
Lease-Purchase Agreements-			
Ambulance	\$ 28,448	\$ 28,429	\$ 19
Floodwall Taxes	450	396	54
<u>Capital Projects</u>			
Buildings:			
Recycling Center	6,765	6,311	454
Senior Citizens Center	3,400	3,183	217
Other Capital Projects:			
Rental Building	1,000	112	888
Site Development-			
Industrial Land Lease	7,328		7,328
COPS FAST	7,500	7,500	
U.S. 60 Water	129,635	55,339	74,296
<u>Administration</u>			
Insurance and Bonds	22,177	22,177	
Auditing Services	7,250	7,242	8
Membership Dues and Conventions	7,800	6,575	1,225
Miscellaneous	17,608	10,657	6,951
Fringe Benefits:			
County Contributions-			
Social Security	52,487	42,076	10,411
Retirement	46,500	41,114	5,386
Health Insurance	13,000	11,950	1,050
Worker's Compensation	16,741	16,741	
Unemployment Insurance	900	595	305
Total Operating Budget	\$ 1,081,091	\$ 939,314	\$ 141,777

SPENCER COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
Other Financing Uses:			
a) Transfer to Public Improvement Corporation Fund	\$ 62,272	\$ 62,272	\$
Total General Fund	\$ 1,143,363	\$ 1,001,586	\$ 141,777
<u>ROAD AND BRIDGE FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive Salaries-			
County Judge/Executive	\$ 20,019	\$ 20,017	\$ 2
Secretaries	6,250	6,250	
Fiscal Court:			
Magistrates Salaries	13,891	13,891	
Office of County Treasurer:			
County Treasurer Salary	6,459	6,459	
<u>Roads</u>			
Office of County Attorney:			
Salaries-			
County Attorney	4,360	4,360	
Secretary	1,366	1,366	
Road Maintenance:			
Salaries-			
Road Foreman	26,000	25,867	133
Road Labor	97,000	95,711	1,289
General Construction Materials	330,249	226,712	103,537
Utilities	4,500	4,438	62
State Projects	112,712	10,769	101,943

SPENCER COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Debt Service</u>			
Borrowed Money:			
Interest	\$ 500	\$ 500	\$
Other County Liabilities:			
Lease-Purchase Agreements			
Truck and Paver	15,000	14,381	619
<u>Administration</u>			
General Services:			
Bank Charges	250	110	140
Liability Insurance	23,575	20,098	3,477
Auditing Services	2,500	1,273	1,227
Fringe Benefits:			
County Contributions-			
Retirement	14,500	13,737	763
Social Security	12,500	11,877	623
Health Insurance	4,250	4,150	100
Worker's Compensation	15,000	15,000	
Unemployment Insurance	1,000	595	405
Total Operating Budget	\$ 711,881	\$ 497,561	\$ 214,320
Other Financing Uses:			
b) Borrowed Money - Repaid for Public			
Properties Corporation			
Bond Fund	97,901	97,901	
c) Transfers to Public Properties			
Corporation Bond Fund	18,714	17,973	741
Total Road and Bridge Fund	\$ 828,496	\$ 613,435	\$ 215,061

SPENCER COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Jailers' Salaries	\$ 16,360	\$ 16,360	\$
Association Dues	50	50	
Operations-			
Routine Medical	10,000	5,163	4,837
Transporting Prisoners to			
Other Counties	24,000	21,389	2,611
Juvenile Housing	22,500	22,265	235
Housing Prisoners - Other Counties	96,490	67,075	29,415
Miscellaneous Operating Expense	1,420	1,410	10
<u>Administration</u>			
General Services:			
Bank Service Charges	200	5	195
Fringe Benefits:			
County Contributions-			
Retirement	1,730	1,620	110
Social Security	1,250	1,189	61
Total Jail Fund	<u>\$ 174,000</u>	<u>\$ 136,526</u>	<u>\$ 37,474</u>
LOCAL GOVERNMENT ECONOMIC <u>ASSISTANCE FUND</u>			
Road Maintenance:			
Materials	<u>\$ 997</u>	<u>\$ 997</u>	<u>\$ 0</u>

SPENCER COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
Total Operating Budget-All Funds	\$ 1,967,969	\$ 1,574,398	\$ 393,571
Other Financing Uses:			
a) Transfer to Public Improvement Corporation Fund	62,272	62,272	
b) Borrowed Money-Repaid for Public Properties Corporation Bond Fund	97,901	97,901	
c) Transfer to Public Properties Corporation Bond Fund	18,714	17,973	741
TOTAL BUDGET-ALL FUNDS	<u>\$ 1,986,683</u>	<u>\$ 1,592,371</u>	<u>\$ 394,312</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable David Jenkins, County Judge/Executive
Members of the Spencer County Fiscal Court

Report On Compliance And On Internal Control Over The
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Spencer County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Spencer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Spencer County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable David Jenkins, County Judge/Executive
Members of the Spencer County Fiscal Court
Report On Compliance And On Internal Control Over The
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 22, 1999

COMMENT AND RECOMMENDATION

SPENCER COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1999

NONCOMPLIANCES

The County Should Have Required Depository Institutions To Pledge Additional Securities Of \$210,723 As Collateral To Protect Deposits

On April 12, 1999, \$210,723 and on June 30, 1999, \$163,822 of the county's deposits of public funds in depository institutions were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with Federal Deposit Insurance Corporation insurance, equals or exceeds the amount of public funds on deposit at all times. We recommend that the county require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times.

Management's Response:

Treasurer will monitor situation and make changes accordingly.

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**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

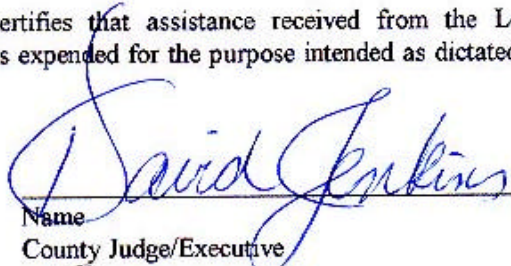
SPENCER COUNTY FISCAL COURT

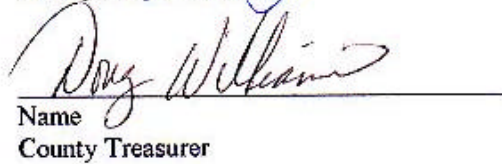
Fiscal Year Ended June 30, 1999

Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
SPENCER COUNTY FISCAL COURT

The Spencer County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


Name
County Judge/Executive


Name
County Treasurer